

A STUDY ON UNDERSTANDING THE CSR ENGAGEMENT MODELS IN INDIAN INDUSTRY: AN EMPIRICAL ANALYSIS

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ABSTRACT

Corporate Social Responsibility (CSR) is a concept that suggests that it is the responsibility of the corporations operating within society to contribute towards economic, social and environmental development that creates positive impact on society at large. Although there is no fixed definition, however the concept revolves around that fact the corporations need to focus beyond earning just profits. The term became popular in the 1960s and now is formidable part of business operations. There are three different models such as transactional, relational and developmental CSR engagement models aimed to yield the effective CSR. This research paper aimed to disclose the importance of these models empirically.

Key Words: Corporate Social Responsibility; Employee Engagement; Transactional approach; Relational approach and Developmental approach.

INTRODUCTION

Plenty of studies have defined CSR from diverse perspectives. Mohr (Mohar et al., 1996) divides definitions on CSR into two types: multi-dimensional definitions and definitions based on social marketing. Multi-dimensional definitions list main social responsibilities for corporations, while social marketing concept views CSR according its impacts on society. Dahlsrud (2008) conducts comprehensive analysis on 37 definitions of CSR according to relevant literature from 1980 to 2003, and then groups definitions on CSR into five dimensions, including: the environmental dimension, the social dimension, the economic dimension, the stakeholder dimension and the voluntariness dimension. In this paper, definitions on CSR are categorized into two perspectives based on previous studies: the stakeholder perspective and the social perspective.

Davis and Blomstrom (1975) define CSR from social perspective, they state that CSR refers to actions taken by a corporation to protect and improve social well-being and corporate interests. According to Kotler (1991), CSR means running the firm in a way which can maintain and improve social well-being. McWilliams and Siegel regard CSR as a firm's responsibility to enhance social interests, this responsibility goes beyond laws and the firm's interests. Mohr, Webb (2001) further point out that CSR is the commitment made by a company to remove or reduce its adverse impacts on the society, and meanwhile boost the long-term beneficial influences on the society. Matten and Moon

(2008) define CSR as policies and actions adopted by a corporation to reflect its responsibilities to advance social interests.

Like other concepts, CSR also came to India from the western economies and has been evolving in due course of time. The concept differs from basic philanthropy and charity where there is not much accountability or responsibility attached. Whereas CSR quite simply suggests that businesses cannot succeed in isolation, especially when the society fails. Some of the similar terminologies are Corporate Citizenship, Business Responsibility, Corporate Conscience etc. From the above definitions, it is clear that:

- The CSR approach is holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses.
- CSR needs to address the well-being of all stakeholders and not just the company's shareholders.
- Philanthropic activities are only a part of CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

REVIEW OF LITERATURE

Employee engagement programs promise to enhance employee morale, improve social and environmental conditions and strengthen companies' financial performance (Potoski et al., 2018). Such programs, however, sometimes fail to improve employee engagement, often because employees do not believe in the program's authenticity. This study evaluates peer communication as a mechanism for improving the credibility of employee engagement programs. Pre- and post-test surveys measured employees' affective, cognitive and behavioral engagement with their work. Treatment group employees showed increases in pride in the company's environmental initiatives and accomplishments, confidence in discussing its environmental record with external stakeholders, and awareness of and participation in its employee environmental programs. These changes were significantly greater than what occurred in the control groups, suggesting that the peer communication program was generally effective at improving employee engagement. These results demonstrate new modes of internal communication that can strengthen companies' environmental performance and improve employee-related outcomes.

Employees commonly cite their managers' behavior as the primary reason for quitting their jobs (Reina et al., 2018). It is sought to extend turnover research by investigating whether two commonly used influence tactics by managers affect their employees' voluntary turnover and whether employees' emotional engagement and job satisfaction mediate this relationship. Researcher tested our hypotheses using survey data collected at two-time points from a sample of financial services directors and objective lagged turnover data. Using multilevel path modeling, we found that managers' use of pressure and inspirational appeals had opposite effects on employee voluntary turnover and that employees' emotional engagement was a significant and unique mediating mechanism even when job satisfaction, the traditional attitudinal predictor of turnover, was also included in the path model. The findings contribute to turnover research by demonstrating a relationship between specific managerial behaviors and employee turnover and shed light on a key mediating mechanism that explains these effects.

MODELS OF EMPLOYEE ENGAGEMENT THROUGH CSR MODELS

As the vignettes beginning this study suggest, however, companies are taking different approaches to engaging their employees through CSR. This study explores three different ways that companies design and manage their efforts:

Transactional Approach: A transactional approach, where programs are undertaken to meet the needs and interests of those employees who want to take part in the socially responsible efforts of a company.

Relational Approach: A relational approach, where an organization and its employees together make a commitment to social responsibility.

Developmental Approach: A developmental approach, where a company aims to more fully activate and develop its employees and the firm to produce greater value for business and society.

RESEARCH PROBLEM

The implementation of corporate social responsibility programmes has become a part and parcel of the regular activities of the Indian industry. Furthermore, advent of the Companies Act, 2013 which introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which made India the first country to mandate and quantify CSR expenditure. The inclusion of CSR is an attempt by the government to engage the businesses with the national development agenda. Irrespective of this concerned clause many of the Indian companies have been implementing the corporate social responsibility programmes in India added to this scenario, many of the companies are going to be added.

In this particular situation, framing and implementing the corporate social responsibility programmes is really a big challenge for the Indian industry. It is also difficult for the industries to adopt the various employee engagement models and to engage their work force through the different employee engagement models. Hence, this research study focused to understand the role of CSR engagement models of transactional, relational and developmental approaches of CSR leads for the effective CSR in the organisations.

OBJECTIVES

The prime objective of this study is to provide the better understanding about the different employee engagement models through CSR in both the manufacturing and service sector industries which can make the effective CSR.

RESEARCH DESIGN

Research design lays out the structure, procedures, and data analysis of the research (Leedy and Ormrod, 2005). Given the limited amount of information available on employee engagement models through CSR in the manufacturing and service sectors, this research was conducted in two phases. Both exploratory qualitative and quantitative research methods were used for this study.

DATA ANALYSIS

Respondent's Socio-Economic, Demographic and Geographic Characteristics

Table.1 Respondent's Demographic Profiles

Demographic Description	Frequency	Percentage
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Gender	Male	391	66.7
	Female	195	33.3
Age	20 - 30Yrs	207	35.3
	35 - 45 Yrs	218	37.2
	45 - 55 Yrs	97	16.6
	above 55 yrs	64	10.9
Marital Status	Married	540	92.2
	Unmarried	46	7.8
Education	SSC	79	13.5
	Degree	292	49.8
	Others	215	36.7
Monthly Salary	Rs15000 - 30000	268	45.7
	Rs 30000 - 40000	214	36.5
	Rs 40000 - 50000	75	12.8
	above Rs 50000	29	4.9
Type of Organisation	Manufacturing	294	50.2
	Service	292	49.8
Cadre of Job	Strategical	230	56.3
	Tactical	211	36.0
	Operational	45	7.7
Span of Experience	0to2 years	107	38.1
	2to5 years	257	41
	5to10 years	159	9.8
	above 10 years	63	11.1

Source: Primary data

The primary data depicted that, there are 391 males (66.7 percent) and 195 female (33.3 percent) respondents. There are 207 (35.3 percent) respondents in the age of 20-30 years of range, 218 (37.2 percent) members in the range of 30 – 40 years of age range, 97 (16.6 percent) of members in the range of 40-50 years and 64 (10.9 percent) had more than 50 years of age. Among the total employees, 540 (92.2 percent) are married and merely, 46 (7.8 percent) are unmarried. The data has been collected from 230 (56.3 percent) operational level cadre, 211 (36.0 percent) are from tactical level cadre and 45 (7.7 percent) are from the cadre of strategical level cadre. 79 (13.5 percent) of the employees had SSC as their qualification, 292 (49.8 percent) members had degree as their highest qualification and 215 (36.7 percent) of the respondents had other than these qualifications. The major chunk of the respondents i.e 268 (49.8 percent) had Rs 15,000 to 30,000 of monthly income, 214 (36.5 percent) had Rs 30,000 to 40,000 of monthly income, 75 (12.8 percent) members had Rs 40,000 to 50,000 of monthly income and 29 (4.9 percent) had more than Rs 50,000 of monthly income. There are 294 (50.2) from the manufacturing sector and 292 (49.8 percent) are from service sector. 230 (56.3 percent) of the employees are from operational cadre, 211 (36 percent) are from tactical level and 45 (7.7 percent) are from the strategical level. Majority of the respondents 257 (41 percent) has 2 to 5 years of experience, 107 (38.1 percent) had 0 to 2 years of experience. 159 (9.8 percent) had 5 to 10 years of experience and 63 (11.1 percent) of the members had more than 10 years of experience.

Exploratory Factor Analysis

To identify the determinant factors, factor analysis was conducted with principal component method and varimax rotation with Kaiser Normalization. An exploratory study identified 26 constructs related to employee engagement CSR models are tested in the exploratory factor analysis. The sampling adequacy (91.5%) was found by using Kaiser-

Meyer-Olkinmethod. The Chi-Square of Bartlett's test of sphericity has given value of $\chi^2 = 14483.567$, where the significance was very high ($p < 0.000$). The details are presented in the following table – 2

Table - 2: KMO and Bartlett's Test's Results:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.915
Bartlett's Test of Sphericity	Approx. Chi-Square	14483.567
	df	325
	Sig.	.000

The criteria chosen to include items for further analysis was factor loadings value ≥ 0.5 and Eigen value ≥ 1 . These extracted items which were qualified in the factor analysis based on the set criteria as considered the employee engagement CSR models in both manufacturing and service sectors. The exploratory factor analysis shown in Table - 3 noted that the factor solution explaining 76.556 percent of total variance in employee engagement CSR models. Based on the variance explained and the Eigen value, the factors are labeled as transactional approach, relational approach, developmental approach.

Table – 3: Total Variance Explained in the Model:

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.808	45.414	45.414	11.80	45.414	45.414	4.723	18.166	18.166
2	2.973	11.435	56.849	2.973	11.435	56.849	4.437	17.065	35.232
3	2.182	8.393	65.242	2.182	8.393	65.242	3.738	14.375	49.607
4	1.755	6.749	71.991	1.755	6.749	71.991	3.532	13.585	63.192
5	1.187	4.564	76.556	1.187	4.564	76.556	3.474	13.363	76.556
6	.626	2.408	78.963						
7	.619	2.381	81.344						
8	.502	1.931	83.275						
9	.496	1.909	85.185						
10	.470	1.808	86.992						
11	.387	1.488	88.480						
12	.371	1.428	89.909						
13	.328	1.262	91.171						
14	.305	1.174	92.344						
15	.272	1.048	93.392						
16	.250	.962	94.355						
17	.225	.866	95.220						
18	.207	.797	96.017						
19	.181	.697	96.714						
20	.176	.676	97.390						
21	.159	.610	98.000						

22	.144	.555	98.555						
23	.123	.472	99.027						
24	.113	.434	99.462						
25	.107	.412	99.874						
26	.033	.126	100.000						
Extraction Method: Principal Component Analysis.									

INFERENCE STATISTICS

H1₀: Transactional Approach will not have significant effect on Effective Corporate Social Responsibility

The hypothesized relationship between Transactional approach and effective corporate social responsibility were tested using simple linear regression. The regression results shown in Table 4 revealed that the predictor variables contribute significantly and had moderate impact on effective corporate social responsibility ($R^2= 0.521$). The corresponding ANOVA value ($F =208.319$, $p=0.000$) for the regression models had indicated the validation with effective corporate social responsibility.

Table - 4 Regression Model Summaries for the employee engagement on effective corporate social responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	ANOVA Results			
					F-Value	df1	df2	Sig.
1	0.521 ^a	0.272	0.271	0.51560	208.319	1	558	0.000
a. Predictors: (Constant), Transactional Approach								

The coefficient summary shown in Table - 5 revealed that beta values of Transactional approach ($\beta=0.583$, $t=14.433$, $p=0.000$) was significant predictor of effective corporate social responsibility. The results were implicit that predictor variable was related with dependent variable. Hence, null hypothesis was disproved and alternate hypothesis ($H1_a$) was accepted as their p-values were less than 0.05.

Here the following simple linear regression model

$$\text{Effective CSR (Y)} = 1.633 + 0.583 (\text{Transactional Approach}) X$$

Table - 5: Predictor effects and Beta Estimates (Unstandardized) for Effective corporate social responsibility associated with the Transactional approach.

Model	Variable	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.633	0.165	--	9.877	0.000
	Transactional Approach	0.583	0.040	0.521	14.433	0.000

a. Dependent Variable: **Effective Corporate Social Responsibility**

H2₀: Relational Approach will not have significant effect on Effective Corporate Social Responsibility

The hypothesized relationship between Relational Approach and effective corporate social responsibility were tested using simple linear regression. The regression results shown in Table - 6 revealed that the predictor variables contribute significantly and had moderate impact on effective corporate social responsibility ($R^2 = 0.488$). The corresponding ANOVA value ($F = 174.544$, $p = 0.000$) for the regression models had indicated the validation with effective corporate social responsibility.

Table – 6: Regression Model Summaries for the employee engagement on effective corporate social responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	ANOVA Results			
					F-Value	df1	df2	Sig.
1	0.488 ^a	0.238	0.237	0.52735	174.544	1	558	0.000

a. Predictors: (Constant), Relational Approach

The coefficient summary shown in Table - 7 revealed that beta values of Relational Approach ($\beta = 0.321$, $t = 13.212$, $p = 0.000$) was significant predictor of effective corporate social responsibility. The results were implicit that predictor variable was related with dependent variable. Hence, null hypothesis was disproved and alternate hypothesis (H2_a) was accepted as their p-values were less than 0.05.

Here the following simple linear regression model

$$\text{Effective CSR (Y)} = 2.874 + 0.321 (\text{Relational Approach}) X$$

Table - 7: Predictor effects and Beta Estimates (Unstandardized) for Effective corporate social responsibility associated with the Relational Approach.

Model	Variable	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.874	0.088	--	32.649	0.000
	Relational Approach	0.321	0.024	0.488	13.212	0.000

a. Dependent Variable: **Effective Corporate Social Responsibility**

H3₀: Developmental Approach will not have significant effect on Effective Corporate Social Responsibility

The hypothesized relationship between Developmental Approach and effective corporate social responsibility were tested using simple linear regression. The regression results shown in Table - 8 revealed that the predictor variables contribute significantly and had moderate impact on effective corporate social responsibility ($R^2 = 0.488$). The

corresponding ANOVA value ($F = 174.544$, $p = 0.000$) for the regression models had indicated the validation with effective corporate social responsibility.

Table – 8: Regression Model Summaries for the employee engagement on effective corporate social responsibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	ANOVA Results			
					F-Value	df1	df2	Sig.
1	0.324 ^a	0.105	0.103	0.57169	65.330	1	558	0.000

a. Predictors: (Constant), Developmental Approach

The coefficient summary shown in Table - 9 revealed that beta values of Developmental Approach ($\beta = 0.355$, $t = 8.083$, $p = 0.000$) was significant predictor of effective corporate social responsibility. The results were implicit that predictor variable was related with dependent variable. Hence, null hypothesis was disproved and alternate hypothesis (H3a) was accepted as their p-values were less than 0.05.

Here the following simple linear regression model

$$\text{Effective CSR (Y)} = 2.495 + 0.355 (\text{Developmental Approach}) X$$

Table - 9: Predictor effects and Beta Estimates (Unstandardized) for Effective corporate social responsibility associated with the Developmental Approach.

Model	Variable	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.495	0.188	--	13.295	0.000
	Developmental Approach	0.355	0.044	0.324	8.083	0.000

a. Dependent Variable: **Effective Corporate Social Responsibility**

RESULT AND DISCUSSIONS

The tested constructs approved the factors that were determinant factors of employee engagement practices. The variables of transactional approach, relational approach and developmental approach are treated as the independent variables of the study, in the first phase the study will identify the impact of employee engagement models on effectiveness of corporate social responsibility and in the final phase the impact of effective corporate social responsibility impact over the employee commitment. With this empirical proof we comment that, it is highly required to the Indian industry to understand the transactional approach while implementing the corporate social responsibility programmes. The organisations should understand the importance of transactional approach and also the underlying sub-factors for the concerned approach. It may help to the organisations to frame such programmes where to undertake to meet the needs and interests of the employees who want to take part in the socially responsible efforts of a company. The accurate consideration of the employees' perception will make the companies to be more success. Further, the

Indian business organisations are suggested to look more deeply into the transactional approach practices as the effective transactional approach CSR practices will implement the company programmes in a successful manner.

CONCLUSION

The research findings of this paper contribute to understand the effect of employee engagement through CSR models in the manufacturing and service sector organisations. The derived results from the above analysis will be considered as the value addition and the added knowledge to the very scant academic literature so far in the employee engagement through CSR models in business sector in India. Based on the results of this research outputs it is suggested for both the manufacturing and the service sectors to understand the importance of employee engagement through the appropriate CSR approaches. The adoption of suitable CSR approach resulted in the high level of commitment of employees. Hence, it is advised to the firms to understand the underlying factors of various CSR models for the effective implementation of CSR programmes in their respective organisations.

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